

State of Nebraska

Nebraska Department of Revenue

NOTICE is given that the Nebraska Department of Revenue (Department) will hold a regulation hearing pursuant to Neb. Rev. Stat. § 84-907 on August 17, 2015, beginning at 1:30 PM, at the State Office Building, 301 Centennial Mall South, Rm. Lower-level B. The purpose of this hearing is to take testimony and receive into evidence any documentation concerning the adoption, repeal, and amendment of regulations within Title 316 of the Nebraska Administrative Code as identified below.

The proposed changes: (1) Reform and modernize the regulations dealing with the apportionment of multistate income of business entities, meaning corporations, partnerships, LLC, Subchapter S Corporations, and joint ventures. These regulations also adopt the provisions LB 872 (2012), effective for the 2014 tax year; (2) Modernize the regulations governing city-county lotteries, or keno. These regulations also implement LB 861 (2010), LB 490 (2011), and LB 259 (2014) all of which simplified compliance for keno operators and locations; (3) Rewrite and modernize the regulations governing the state and county lodging tax; and (4) Update two sections of the motor fuels regulations for recent legislation and technological changes. These changes also provide for electronic returns and refunds.

The specific regulations to be adopted, amended, or repealed are:

Title 316, Chapter 24, BUSINESS ENTITY REGULATIONS; APPORTIONMENT OF MULTISTATE INCOME

The following regulations would be repealed and replaced:

- REG-24-024 PROPERTY FACTOR: IN GENERAL (12/04/1984)
- REG-24-025 PROPERTY FACTOR: PROPERTY USED (12/04/1984)
- REG-24-026 PROPERTY FACTOR: CONSISTENCY IN REPORTING (12/04/1984)
- REG-24-027 PROPERTY FACTOR: NUMERATOR (12/04/1984)
- REG-24-028 PROPERTY FACTOR: VALUATION OF OWNED PROPERTY (12/04/1984)
- REG-24-029 PROPERTY FACTOR: VALUATION OF RENTED PROPERTY (12/04/1984)
- REG-24-030 PROPERTY FACTOR: AVERAGING PROPERTY VALUES (12/04/1984)
- REG-24-031 PAYROLL FACTOR: IN GENERAL (07/07/1985)
- REG-24-032 PAYROLL FACTOR: DENOMINATOR (12/04/1984)
- REG-24-033 PAYROLL FACTOR: NUMERATOR (07/07/1985)
- REG-24-034 PAYROLL FACTOR: COMPENSATION PAID IN THIS STATE (12/04/1984)
- REG-24-035 SALES FACTOR: IN GENERAL (07/07/1985)
- REG-24-036 SALES FACTOR: DENOMINATOR (07/07/1985)
- REG-24-037 SALES FACTOR: NUMERATOR (12/04/1984)
- REG-24-038 SALES FACTOR: SALE OF TANGIBLE PERSONAL PROPERTY IN THIS STATE (03/07/2006)
- REG-24-039 SALES FACTOR: SALE OF TANGIBLE PERSONAL PROPERTY TO UNITED STATES GOVERNMENT IN THIS STATE (12/04/1984)

REG-24-040 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN THIS STATE (12/04/1984)
REG-24-049 SPECIAL RULES; AIRLINES (11/11/1998)
REG-24-055 INCOME NOT SUBJECT TO APPORTIONMENT (02/22/2009)
REG-24-059 SPECIAL RULES; TRUCKING COMPANIES (11/11/1998)
REG-24-061 INSURANCE COMPANIES (11/11/1998)
REG-24-062 SPECIAL RULES; PIPELINE COMPANIES (11/11/1998)

The following regulations would be adopted:

REG-24-301 APPORTIONABLE AND NONAPPORTIONABLE INCOME
REG-24-305 APPORTIONMENT FORMULA
REG-24-311 SALES FACTOR; IN GENERAL
REG-24-315 SALES FACTOR; BUSINESS ENTITIES AS OWNERS IN A PARTNERSHIP OR JOINT VENTURE
REG-24-323 SALES FACTOR; SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA
REG-24-326 SALES FACTOR; SALES OF TANGIBLE PERSONAL PROPERTY TO THE U.S. GOVERNMENT IN NEBRASKA
REG-24-329 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA; TAX YEARS BEGINNING BEFORE JANUARY 1, 2014
REG-24-331 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA; TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2014
REG-24-333 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA; SERVICES
REG-24-335 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA; INTANGIBLE PROPERTY
REG-24-337 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA; LEASING TANGIBLE PERSONAL PROPERTY IN NEBRASKA; SELLING OR LEASING REAL PROPERTY IN NEBRASKA
REG-24-338 SALES FACTOR; SALES OTHER THAN SALES OF TANGIBLE PERSONAL PROPERTY IN NEBRASKA; SALE NOT SPECIFICALLY ADDRESSED
REG-24-341 SPECIAL APPORTIONMENT RULES; ALL TAX YEARS; AIRLINES
REG-24-342 SPECIAL APPORTIONMENT RULES; ALL TAX YEARS; PIPELINE COMPANIES
REG-24-343 SPECIAL APPORTIONMENT RULES; ALL TAX YEARS; TRUCKING COMPANIES
REG-24-347 SPECIAL APPORTIONMENT RULES; ALL TAX YEARS; INSURANCE COMPANIES
REG-24-361 PROPERTY FACTOR; SCOPE
REG-24-362 PROPERTY FACTOR; IN GENERAL
REG-24-363 PROPERTY FACTOR; NUMERATOR AND DENOMINATOR
REG-24-364 PROPERTY FACTOR; VALUATION OF OWNED PROPERTY
REG-24-365 PROPERTY FACTOR; VALUATION OF LEASED OR RENTED PROPERTY

REG-24-367 PROPERTY FACTOR; CONSISTENCY IN REPORTING
REG-24-371 PAYROLL FACTOR; SCOPE
REG-24-372 PAYROLL FACTOR; IN GENERAL
REG-24-373 PAYROLL FACTOR; NUMERATOR AND DENOMINATOR
REG-24-375 PAYROLL FACTOR; CONSISTENCY IN REPORTING
REG-24-381 SPECIAL APPORTIONMENT

Title 316, Chapter 33, CHARITABLE GAMING REGULATIONS: CITY-COUNTY LOTTERY

The following regulations would be amended:

REG-35-600 DEFINITIONS, SCOPE, AND ESTABLISHMENT BY COUNTIES, CITIES, AND VILLAGES
REG-35-613 CONDUCT OF THE GAME - KENO
REG-35-615 KENO CHECKOUT STANDARDS
REG-35-619 LOTTERY WORKERS

Title 316, Chapter 68, LODGING TAX REGULATIONS

The following regulations would be repealed and replaced:

REG-68-001 NATURE OF THE LODGING TAX (08/04/1980)
REG-68-002 DEFINITIONS (03/07/2006)
REG-68-003 THE LODGING TAX RETURN (03/07/2006)
REG-68-004 EXEMPTIONS (03/07/2006)
REG-68-005 EXEMPT SALE CERTIFICATES (03/07/2006)
REG-68-006 PERMITS (03/07/2006)
REG-68-007 RECORDS (08/04/1980)
REG-68-008 CONFIDENTIAL INFORMATION (03/07/2006)
REG-68-009 COUNTY LODGING TAX (03/07/2006)
REG-68-010 OPTIONAL SERVICES (04/11/1993)

The following regulations are adopted:

REG-68-001 STATE AND COUNTY LODGING TAXES; IMPOSITION AND RATE
REG-68-002 DEFINITIONS
REG-68-003 PERMITS
REG-68-004 LODGING TAX RETURNS AND RECORDS
REG-68-005 EXEMPTIONS
REG-68-006 DUTIES OF THE DEPARTMENT IN ADMINISTERING THE STATE AND COUNTY LODGING TAXES

Title 316, Chapter 73, NEBRASKA FUEL TAX REGULATIONS

The following regulations are amended:

REG-73-006 NEBRASKA MOTOR FUELS TAX RETURNS
REG-73-008 REFUNDS

A complete copy of the regulations and the descriptions of fiscal impact are available in the office of the Tax Commissioner, 301 Centennial Mall South, Lincoln, NE, second floor, or may be viewed at the websites for the Nebraska Department of Revenue www.revenue.ne.gov or the Secretary of State www.sos.ne.gov.

The opportunity to be heard will be offered to any interested person upon written request to Leonard Sloup, Acting Tax Commissioner, Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509. Unscheduled testimony will be heard following the scheduled testimony at the hearing. Any interested party may submit a written statement by 5:00 PM on August 17, 2015 to be made part of the record. Individuals requiring physical or sensory accommodations, please contact the Nebraska Department of Revenue at 301 Centennial Mall South, Lincoln, NE 68509 or by calling 402-471-2971 or TDD 402-471-2920, no later than August 10, 2015.

Dated this 1st day of July, 2015

A handwritten signature in black ink, appearing to read 'L. Sloup', with a large, stylized initial 'L'.

Leonard J. Sloup
Acting Tax Commissioner